

***When fully phased in, this bill would save typical student borrower in Oregon \$4,740 over the life of their loans***

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WASHINGTON, DC—Today, almost a year after the Republican Congress passed legislation to raise interest rates on subsidized student loans in order to pay for tax cuts for the wealthy, U.S. Congressman Peter DeFazio voted to reverse that increase. The House passed a bill that will make college more affordable and accessible by reducing the rate on subsidized college loans for undergraduates in half over the next five years—cutting the interest rate from the current 6.8 percent to 3.4 percent.

The House passed the bill this afternoon by a vote of 356 to 71.

“In a cynical move last year, the Republican Congress voted to increase student loan rates in order to pay for more tax cuts for wealthy investors,” DeFazio said. “Today, Congress reversed that increase, cutting the interest rates of subsidized student loans in half. This legislation reflects the priorities of average Americans, not the wealthiest few. It targets low- and middle-income students and families with the most financial need—those who receive subsidized student loans. And it doesn't add a penny to the deficit.

“Tuition and fees at four-year public colleges and universities have risen 41 percent in six years. We must ensure that a good education is within the grasp of every American. Reducing interest rates on subsidized student loans is just a first step toward addressing this problem. Later this year, Democrats will also increase the maximum Pell Grant scholarship and take other important steps to reduce the financial barriers to a college education.”

The plan is paid for by making modest reductions in certain lender and guaranty agency subsidies in order to make the student loan program more efficient and effective for students and American taxpayers.

Once the plan is fully phased in, the average student borrower in Oregon would save \$4,740 over the life of their loans. In the 2004-2005 school year, there were 40,721 subsidized loan borrowers in Oregon at four-year institutions, including 13,831 at OSU and the University of Oregon.